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REPORT TO THE COMMITTEE ON THE BUDGET

FROM

THE COMMITTEE ON VETERANS' AFFAIRS

together with

MINORITY VIEWS

SUBMITTED PURSUANT TO SECTION 301 OF THE CONGRESSIONAL BUDGET ACT OF 1974

ON THE

BUDGET PROPOSED FOR FISCAL YEAR 1983

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Report of the Committee on Veterans' Affairs on Budget Matters Under Its Jurisdiction

The Committee on Veterans' Affairs is submitting this report on estimates of budget matters under its jurisdiction pursuant to section 301(c) of the Congressional Budget and Impoundment Control Act of 1974, which states:

> "301(c) On or before March 15 of each year, each standing committee of the House of Representatives shall submit to the Committee on the Budget of the House, each standing committee of the Senate shall submit to the Committee on the Budget of the Senate, and the Joint Economic Committee and Joint Committee on Internal Revenue Taxation shall submit to the Committees on the Budget of both Houses—
>
> > "(1) its views and estimates with respect to all matters set forth in subsection (a) which relate to matters within the respective jurisdiction or functions of such committee or joint committee; and
> >
> > "(2) except in the case of such joint committees, the estimate of the total amounts of new budget authority, and budget outlays resulting therefrom, to be provided or authorized in all bills and resolutions within the jurisdiction of such committee which such committee intends to be effective during the fiscal year beginning on October 1 of such year."

This report is based on the best information that is now available to the Committee. It is hoped that the report will be helpful to the Committee on the Budget in preparing its budget targets for the first concurrent resolution.

Observations on the Fiscal Year 1983 Budget

I. OVERVIEW

Throughout the more than 200 year history of the United States, nearly 39 million men and women have served in the armed forces during wartime. Nearly 1.1 million servicepersons sacrificed their lives in the defense of our country during periods of armed conflict. Today, there are approximately 25.8 million living war veterans, all of whom saw service in wars fought in the 20th century (i.e., Spanish-American War, World War I, World War II, Korean conflict and Vietnam era). A total of 36 million served during these 5 wars and 635,000 died in service to their country. In addition to the 25.8 million living war veterans, there are over 3 million veterans who served only during the peacetime period between the Korean conflict and the Vietnam era as well as 1,254,000 peacetime veterans who entered military service after May 7, 1975 and have since returned to civilian life.

The number of living veterans decreased during FY 1981 to 30.083 million, a loss of 35,000 from the end of FY 1980. This contraction of the veteran population resulted from the addition of 366,000 service personnel discharged from active duty, and was more than offset by the re-entry into active duty service of approximately 20,000 who had previous returned to civilian life and the loss of 381,000 veterans who died during FY 1981.

The average age of all veterans in civilian life as of September 30, 1981, was 48.0 years, the same average age as at the end of FY 1980.

Veterans 65 years of age or older now total more than 3.320 million (a little more than 1 of every 10 living veterans), an increase of 309,000 during the year. Those veterans presently 60–64 years old (3,727,000) will enter the older population group in the next 5 years. Similarly, the surviving veterans among those presently in the 55–59 year age group (4,488,000) will enter the "65 years and older" veteran population during fiscal years 1986 through 1991. By then 1 of every 4 veterans will be 65 years old or older.

This country has historically provided the veterans of its wars and their survivors with certain aid and benefits in expression of gratitude for their sacrifices and hardships.

In order to effectively carry out the intent of a grateful nation the Veterans' Administration was established as an independent agency under the President by Executive Order 5398 of July 21, 1930 in accordance with the Act of July 3, 1930 (46 Stat. 1016). This Act authorized the President to consolidate and coordinate Federal agencies especially created for or concerned in the administration of laws providing benefits to veterans. The mission of the Veterans' Administration is to administer veterans' laws effectively, expeditiously and with sympathetic understanding, and to exercise constructive leadership in the field of veterans' affairs. The laws related to veterans benefits are contained in title 38 of the United States Code.

The programs available to veterans and their dependents or survivors (which comprise the Office of Management and Budget (OMB) function 700), are for the most part based on long traditions of compensating former servicemen for hardships incurred in the course of military service. Most programs in this function are administered by the Veterans' Administration in support of these former members of the armed services and their survivors and dependents. The major veterans programs provide benefits that are similar in many respects to other human resource programs now available to those in the general population.

Compensation is paid to veterans who have incurred disabilities in military service. Payments vary with the extent of disability and the amount of income foregone because of that disability. The severely disabled also receive fixed statutory awards and dependents' allowances. Dependency and indemnity compensation (DIC) is paid to survivors of veterans who died from service-connected causes.

Pensions are paid to non-service-connected disabled and aged wartime veterans and their dependents or to their survivors if the recipients' income falls below certain levels. However, there are several income exclusions in determining eligibility for pensions.

Readjustment benefits provide financial assistance for education, training, and rehabilitation to service-connected disabled veterans who have served more than 180 days in the military and to certain of their dependents or survivors.

Hospital and medical care is provided, usually in Veterans' Administration facilities, to service-connected disabled veterans, veteran pensioners, veterans 65 and over, and any other veteran who is unable to pay for the cost of care. Dependents of 100% disabled veterans and survivors of veterans who died from a service-connected disability are provided care through an insurance-type program administered for the VA by the Department of Defense, the Civilian Health and Medical Program of the Veterans Administration (CHAMPVA).

Other veterans' programs include direct and guaranteed housing loans, life insurance, and burial benefits. The Veterans' Administration also operates programs such as research and health manpower training to support its medical care delivery system.

II. BUDGET OBSERVATIONS

President Reagan's proposed Fiscal Year 1983 Budget for the Veterans' Administration provides for benefits and services to the country's 30.1 million veterans, the 56.2 million members of their families and the 3.2 million survivors of deceased veterans.

For the period October 1, 1982, through September 30, 1983, budget authority of $25.6 billion is requested, consisting of appropriations of $24,118,343,000 (which includes $-233,923,000 savings requiring new legislation), $775,792,000 for proposed legislation and an estimate of $838,724,000 under permanent authorizations. Budget outlays for 1983 are estimated at $24.4 billion. The requested budget authority is an increase of $0.9 billion over 1982, caused primarily by increases in the Medical Care appropriation and the level of Construction funding. The overall increase is approximately 3.5% in budget authority which falls substantially below the Administration's CPI projection of 6.5% for 1983.

Income security programs, i.e., compensation and pensions, constitute 62.6% of the FY 1983 budget's projected outlays of $15.1 billion. Of this amount, 30% ($7.7 billion) is for health care, and the remainder for readjustment, housing and other benefits. Nearly the entire function requires current action by the Congress, yet the bulk of these outlays is uncontrollable due to the entitlement nature of the programs.

Veterans' Administration employment for FY 1983 will increase from the level of the previous year. The employment levels for 1981, 1982, and 1983 are as follows:

1981:	
Presidential request	217,286
VA actual	218,630
1982:	
Presidential request	211,165
VA estimated	217,465
1983:	
VA estimated	218,420

Veterans' Administration average employment for 1983 is expected to increase by 955 to a level of 218,420. There is a net increase of 1,318 in the Department of Medicine and Surgery and a decrease in the Department of Veterans' Benefits of 218.

General Administration is increased by 67 employees due to increased workload in the Administration offices, Board of Veterans' Appeals and the debt collection activities of the General Counsel's offices. The Office of Data Management and Telecommunications will decrease by 14 employees due to a transfer of certain ADP functions to the Department of Medicine and Surgery. The Department of Veterans' Benefits reduction of 218 employees is due to decreased workload in veterans' services and education programs. The Department of Memorial Affairs will receive an additional 4 employees to staff the recently opened National Cemetery at Quantico, Virginia. The Department of Medicine and Surgery net increase of 1,318 employees includes 202 nurses and 90 physicians. This increase is required mainly for staffing of new facilities and assumption of new or expanded services.

DEPARTMENT OF VETERANS' BENEFITS

A. Income security for veterans

For the second year, the Administration proposes dividing the Compensation and Pensions appropriation into three separate accounts—Compensation, Pensions, and Burial Benefits and Miscellaneous Assistance. It is considered that each of these three programs is sufficiently large and unique to warrant separate budgetary accounts, and the Administration feels a more informative presentation of the budget will result from this approach.

In fiscal year 1982, 2.3 million veterans with service-connected disabilities will receive monthly compensation under existing legislation totaling $9.5 billion. Included in the $9.5 billion total are approximately 354,000 survivors of veterans whose deaths were service-connected or related to service-connected disabilities who will receive benefits amounting to over $1.7 billion. For FY 1983, legislation is proposed by the Administration for an 8.1% cost-of-living increase in compensation payments to be effective October 1, 1982. The net cost of this legislation will add $625 million to the monthly benefits described above and will bring total compensation payments for FY 1983 to $10.3 billion.

Approximately 848,000 wartime veterans and 1.2 million survivors will receive monthly pensions totaling $4 billion in FY 1983. Pension payments are based upon financial need. These estimates include a cost-of-living adjustment estimated at 8.1% effective July 1, 1982.

The life insurance programs administered by the Veterans' Administration will provide coverage of $141.2 billion to the families of 7.4 million servicepersons and veterans.

The purpose of the General Operating Expenses (GOE) account is to administer non-medical veterans benefit programs. The account primarily supports payroll expenses of personnel responsible for administering non-medical benefits to the veteran population. These bene-

fits include the administration of the VA compensation, pension, education, GI loan, and insurance programs as well as the maintenance of the National Cemetery System.

The 1983 request for General Operating Expenses includes expansion of 43 DM&S facilities into the full Centralized Accounting for Local Management (CALM) system. A remainder of 40 facilities are to be converted in 1984, when the entire full CALM conversion will be complete for the Department of Medicine and Surgery. The 1983 request also includes continued expansion of Agency level policy development and direction to be provided by the Office of the Administrator. The Inspector General will open two new offices in the Dallas, Texas and Seattle, Washington Regional Offices in 1983, for a total of eight such offices. A survey to determine the current social and economic status of older veterans is also planned.

The GOE request for 1983 includes 614 workyears for an expanded debt collection effort. The agency will continue to emphasize and pursue this responsibility. Resources for debt collection are included in the four following activities: General Counsel; Department of Veterans' Benefits; Office of Data Management and Telecommunications; and Budget and Finance.

In the Department of Veterans' Benefits, compensation and pension claims are expected to decrease slightly. The number of education trainees is expected to continue to decrease significantly. Loan Guaranty activity is expected to increase. Servicing of insurance policies will maintain workloads as the slightly decreasing number of policies is more than offset by loan actions and by time-consuming death claim activities. The Department of Veterans' Benefits will operate a network of 58 regional office/medical-regional office centers nationwide, conduct 2.5 million personal interviews, perform 17.5 million telephone actions, service 2.6 million compensation and pension claims, provide funding for 800,000 education trainees, process 620,000 housing appraisals, complete 325,000 home loan originations, and service 2.2 million life insurance policies.

Provision is also made in the 1983 budget request for the maintenance and operation of 140 cemetery activities including the operation of recently opened cemeteries in Calverton, New York, Riverside, California, and Bourne, Massachusetts. Opening in the Spring of 1982 is the post cemetery at Fort Custer, Michigan, in the Fall of 1982 the regional cemetery at Indiantown Gap, Pennsylvania, and the regional cemetery at Quantico, Virginia in the Spring of 1983.

B. Veterans education, training and rehabilitation

The Veterans' Administration administers four education, training and rehabilitation programs for veterans and their dependents.

The largest of these programs is the G.I. Bill for persons who served on active duty during the Vietnam Era. The number of Vietnam Era veterans in this program is expected to continue to decrease as more veterans reach their delimiting date, which is 10 years following their date of discharge or separation from the Armed Forces. Public Law 97–35, the Omnibus Reconciliation Act of 1981, terminated new enrollments in flight training effective October 1, 1981. Total G.I. Bill trainees in 1983 are estimated at 653,600, a decrease of 130,400 since 1982

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The Post-Vietnam Era Veterans Educational Assistance Program (VEAP) is a voluntary contributory matching program for persons who entered the Armed Forces on or after January 1, 1977. Although each person entering military service has a right to enroll in and make contributions to this educational benefit program, the rate of participation has been low. For example, the number of active duty servicepersons making contributions in FY 1983 is estimated to be 383,200. Approximately 13,900 are estimated to participate in training under this program, an increase of 3,400 over FY 1982. Effective January 1, 1982 the matching grant of $2 for every $1 contributed by a serviceperson will be provided by the Department of Defense. Prior to 1982, the matching grants were provided by the Veterans' Administration.

The number of trainees in the education and training program for wives and children of a veteran with a permanent and total service-connected disability, or the widows and children of veterans who died of a service-connected disability is estimated to be approximately 89,480 in fiscal year 1983, a decrease of 5,700 over FY 1982.

The oldest education and training program administered by the Veterans' Administration is vocational rehabilitation for service-connected disabled veterans whose disabilities resulted in a vocational handicap. This is a continuous, open-ended program which includes the payment of a monthly subsistence allowance, plus educational expenses to eligible veterans who need this special assistance. It is estimated that 30,040 veterans will receive training under this program in FY 1983, an increase of 340 over FY 1982. The increase from FY 1982 to FY 1983 is due to the first full-year effect of an Independent Living Program authorized by Congress for seriously disabled veterans in Public Law 96–466.

H.R. 1400, the Veterans' Educational Assistance Act of 1981, would establish a new G.I. Bill program of up to 36 months of educational entitlement for members of the military who serve 3 years or longer following enactment of the bill. On May 19, 1981 the Committee reported H.R. 1400. The legislation was jointly referred to the Committee on Armed Services, and is pending action by that Committee. Since only minimal benefits are payable under the auspices of H.R. 1400 until the third year, there would be no substantial costs for the measure until 1985.

Legislation proposed by the Administration would eliminate authorization for correspondence school training under the G.I. Bill, with an estimated cost savings of $5.6 million for FY 1983. Additional cost savings of $19.7 million are projected with the proposed enactment of legislation to terminate the subsistence allowance for dependents of vocational rehabilitation trainees.

The total number of trainees in fiscal year 1983 for the four education and training programs is estimated to be 811,620.

C. Veterans housing

The veterans housing program provides credit assistance whereby housing credit needs of veterans and service personnel may be satisfied by private capital on more liberal terms than generally available to nonveterans, without the assumption of undue risks by the Government.

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Assistance is provided chiefly through substituting the Government's guaranty on loans in lieu of the substantial downpayments, relatively short terms, and other investment safeguards applicable to conventional mortgage transactions. The program also assists totally disabled veterans in receiving specially adapted housing grants.

The Loan Guaranty Revolving Fund finances the operation of the Loan Guaranty Program, excluding administrative costs. The guarantee may be applied to buying, building or repairing a home, condominium or mobile home in an amount not to exceed 60% of the loan or $27,500, whichever is lesser.

The Direct Loan Program was originally funded to provide credit assistance to eligible veterans, certain surviving spouses and active duty servicepersons in rural areas and small towns or cities where the availability of private mortgage funds was limited. The Direct Loan Revolving Fund finances all operation of the Direct Loan Program. The maximum Direct Loan is $33,000. New Direct Loans are restricted to disabled veterans requiring specially adapted housing assistance. Prior loans will continue to be serviced with funds from the Revolving Fund. The Veterans' Administration estimates the number of Direct Loans in FY 1983 to be 27 at a cost of $802,000.

Cumulatively through September 30, 1981, 11,480,226 loans totaling $199.9 billion have been made or guaranteed to purchase conventional housing, condominiums and mobile homes. In addition, 17,709 severely disabled veterans have obtained $260.9 million in approved grants to purchase housing specially adapted to their particular needs.

Since the inception of the program 423,307 claims or defaults have been settled for $3.0 billion. Incident to these claims, and as a result of foreclosures of direct loans, 459,302 properties have been acquired. 442,205 of these properties have been sold for $6.4 billion and in addition, 5,583 properties were redeemed.

Property acquired by the Veterans' Administration as a result of foreclosures must be put in a saleable condition and marketed as soon as possible, since management fees are increased during longer holding periods. In order to maintain the property inventory at the current level, VA must dispose of property at least at the rate that it is acquired. In addition, these property sales are necessary in order to make sufficient vendee loans available to the portfolio to achieve the projected FY 1983 level of vendee loan sales. During 1983, the VA expects to dispose of its marketable portfolio. The discount on the sale of these loans is expected to be $198.6 million, contributing to the overall increase of obligations. The sale of loans, however, will offset outlays, and it is estimated outlays will be −$573.0 million in FY 1983.

The President's budget proposes legislation to establish a ½ of 1% loan processing fee in 1983 which would produce $94.6 million in receipts and would be deposited in the general fund of the Treasury as a VA proprietary receipt.

DEPARTMENT OF MEDICINE AND SURGERY

The administration's fiscal year 1983 budget request projects that approximately 1.4 million inpatients will be treated by the Veterans' Administration direct and contract medical care delivery system in

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1983, and that 18.4 million medical and dental outpatient visits will occur with medical care being provided either directly by the VA or by contract.

To meet the changing health care needs of the veteran population, the 1983 budget contains resources for four new VA nursing home care units, activation of one new outpatient clinic and expansion or relocation of five existing clinics.

Veterans' Administration construction plans are developed in a 5-year planning cycle in accordance with Section 5007 of Title 38, United States Code. Budget authority of $452.092 million is requested to fund the construction of 360 new nursing home care beds, replace or modernize 7 VA hospital facilities, and make outpatient improvements in 3 existing medical centers. The construction budget request continues to fund clinical additions, expanded outpatient and extended care facilities to meet the needs of an aging veteran population, and the correction or elimination of code, structural, and seismic deficiencies in VA health care facilities.

The Committee is concerned that only $216,000 was requested for the Geriatric Research, Education and Clinical Centers. Section 4101(f) of Title 38, U.S.C. authorized the establishment of 15 such Centers. To date, only 8 exist and the budget request for $216,000 and 3 employees merely brings the staffing level of the 8th Center up to the standards authorized. The Committee urges that early action be taken to increase the number of Geriatric Research, Education and Clinical Centers, in order that this important area of care for the aging veteran population may be improved to the greatest extent possible.

Additionally, the Committee wishes to express concern that the President did not include a request for funding the VA Health Professional Scholarship Program in the FY 1983 budget, and included a reduction of 13 FTEE already authorized to administer this program. Extensive hearings, prior to the enactment of Public Law 96–330 on August 26, 1980, revealed an acute shortage of nurses in VA medical facilities. Congress intended that Title II of P.L. 96–330 would help to alleviate this shortage. However, information received by the Committee indicates that during 1981 over 800 hospital beds in VA medical facilities were forced to close due to a shortage of nurses. Funding of the VA Health Professional Scholarship Program is essential in order to create a cadre of registered nurses with a service obligation to the Veterans' Administration, and to maintain the number of VA hospital beds needed to meet the health care needs of our Nation's veterans. The Committee recommends that $4.5 million be appropriated for the Nurse Scholarship program.

The request for $2 million to fund Office of Management and Budget Circular A–76 contracting out studies of functions currently performed by Veterans' Administration employees is also a matter of concern to the Committee. Public Law 97–66 prohibits the conduct of contracting out studies in the VA's Department of Medicine and Surgery unless funds are specifically appropriated for this purpose. During testimony before the Subcommittee on Oversight and Investigations and the full Committee in 1981 on the subject of OMB Circular A–76, VA witnesses estimated it would cost approximately $29 million to fully implement the provisions of the Circular. The Committee,

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therefore, questions whether $2 million would cover the costs of such studies. It should be pointed out that if OMB Circular A–76 was fully implemented, approximately 35,000 VA employees could lose their jobs, and that 64 percent of these employees are veterans. The Committee urges the Committee on Appropriations to reallocate the $2 million for this study to the Nurse Scholarship program as a partial offset to the $4.5 million proposed by the Committee.

In the fiscal year 1982 appropriation, VA Medical and Prosthetic Research was reduced by $22.5 million from the amount of $151 million recommended by the Committee and agreed to by the House on September 15, 1981 in the conference report on H.R. 4034, HUD-Independent Agencies Appropriations for Fiscal Year 1982. The $22.5 million was the result of further reductions proposed by the President on September 30, 1981. The VA Research Program was reduced by 14% in FY 1982, while the research programs of the Department of Health and Human Services incurred only a 4% reduction. The President's FY 1983 budget proposes a reduction of 199 employees from the Medical Research Program. The Committee has grave doubts whether the reduction of 199 employees would be consistent with the maintenance of a research program which has been widely acclaimed and recognized as being of value not only to the veteran population, but to the Nation as a whole. The Committee recommends a $5 million increase for this important program.

The Veterans' Administration proposes to let a contract to study the feasibility of collecting fees for user charges for medical services received at VA health care facilities by non-service-connected veteran beneficiaries not in receipt of a VA pension, at a cost of $500,000. The cost of such a contract would be deducted from the Medical Administration and Miscellaneous Operating Expenses account. While this proposal does not require legislative authorization, the Committee opposes spending such an amount for studies when entitlement to VA medical care is mandated by law, and recommends its use as a partial offset to the Nurse Scholarship program.

VETERANS BENEFITS AND SERVICES AS PART OF THE TOTAL FEDERAL BUDGET

The following table indicates total Federal outlays, veterans benefits and services outlays (function 700), and the percentage for veterans benefits and services for fiscal years 1973 through 1983.

TOTAL FEDERAL AND VETERANS' BENEFITS AND SERVICES OUTLAYS, 1973–83

[In millions of dollars]

	Total Federal outlays	Veterans' benefits and services	Veterans as a percent of outlay
Fiscal year:			
1973	$245,647	$12,013	4.9
1974	267,912	13,386	5.0
1975	324,245	16,597	5.1
1976	364,473	18,432	5.1
TQ [1]	94,188	3,962	4.2
1977	400,506	18,038	4.5
1978	448,368	18,974	4.2
1979	490,997	19,928	4.1
1980	576,675	21,183	3.7
1981	657,204	22,988	3.5
1982 (estimate)	725,331	24,155	3.3
1983 (estimate)	757,638	24,383	3.2

[1] Transition quarter.

Source: Budget of the U.S. Government for fiscal year 1983, table 19.

As the above table indicates, there has been a gradual increase in the percentage of total Federal outlays spent on veterans benefits and services through fiscal year 1975. Since that time, there has been a steady decrease, with the estimate for fiscal year 1983 at 3.2 percent.

From 1950 to the present, the veteran population has increased from approximately 18½ million to over 30 million. Two major GI Bill Programs educated hundreds of thousands of veterans. Twenty major veteran health care measures were approved by the Congress and 19 hospitals were added to the VA hospital system. Yet, Federal outlays for veterans' benefits and services have increased only 3 fold compared to 291 fold for health: 89 fold for education, training, employment and social services; and 55 fold for income security.

The following table indicates Federal outlays for human resources programs for selected years from 1950–1983:

FEDERAL OUTLAYS FOR HUMAN RESOURCES PROGRAMS, SELECTED YEARS 1950–83

[In millions of dollars]

	Education training, employment, and social services	Health	Income security	Veterans' benefits and services
Fiscal year:				
1950	$241	$268	$4,717	$8,834
1955	445	291	9,145	4,676
1960	968	796	18,316	5,441
1965	2,138	1,790	25,744	5,722
1970	8,625	13,051	43,073	8,677
1975	15,870	27,648	108,576	16,597
1980	30,767	58,165	193,100	21,183
1983 (estimate)	21,552	78,105	261,736	24,383
Ratio of increase (fold)	89	291	55	3

Source: Office of Management and Budget, Federal Government Finances (March 1981 edition), table 5 (fiscal years 1950-80); Budget of the U.S. Government for fiscal year 1983, table 19 (fiscal year 1983).

Health

Federal spending for health programs is expected to total almost $78,105 million in 1983. This total has been broken down by the Office of Management and Budget into several categories. The following table indicates the total Federal outlays for health and for veterans' hospital and medical care, and the percentage attributable to the Veterans' Administration.

FEDERAL OUTLAYS FOR HEALTH AND FOR VETERANS' HOSPITAL AND MEDICAL CARE, 1973-83

[In millions of dollars]

	Outlays for health	Outlays for veterans' hospital and medical care	Total	Veterans as a percent of total
Fiscal year:				
1973	$17,405	$2,711	$20,116	13.5
1974	20,364	3,006	23,370	12.9
1975	25,742	3,665	29,407	12.5
1976	31,503	4,046	35,549	11.4
TQ [1]	8,181	1,039	9,220	11.3
1977	36,582	4,708	41,290	11.4
1978	41,232	5,254	46,486	11.3
1979	49,962	5,611	55,573	10.1
1980	55,220	6,515	61,735	10.6
1981	65,982	6,965	72,947	9.5
1982 (estimate)	73,437	7,594	81,031	9.4
1983 (estimate)	78,105	8,108	86,213	9.4

[1] Transition quarter.

Source: Budget of the U.S. Government for fiscal year 1983, table 19.

Veterans' Administration Programs by Functional Distribution

The programs under the Committee's jurisdiction are administered by the Veterans' Administration and are broken down into several subfunctional classifications. There follows a list of the functions and programs included in the Veterans' Administration budget for fiscal year 1983, as well as a comparison of total budget authority and outlays recommended by the Administration and that proposed by the Committee on Veterans' Affairs.

For purposes of clarity, the functions and their respective programs defined by OMB are as follows:

701. *Income security for veterans*
- Compensation and pensions:
  - Service-connected compensation
  - Non-service-connected pensions
  - Other veterans income security programs
- Insurance programs:
  - Veterans insurance and indemnities
  - Service-disabled veterans insurance fund
  - Veterans reopened insurance fund
  - National service life insurance
  - U.S. Government life insurance
  - Veterans special life insurance
  - NSLI and USGLI receipts

702. *Veterans education, training, and rehabilitation*
- Readjustment benefits
- Education loan fund
- Vocational rehabilitation revolving loan fund
- Post-Vietnam era veterans' education account

703. *Hospital and medical care for veterans*
- Medical care
- Medical and prosthetic research
- Medical administration and miscellaneous operating expenses
- Construction, major projects
- Construction, minor projects
- Grants for construction of State extended-care facilities
- Grants to the Republic of the Philippines
- Assistance for health manpower training institutions

704. *Veterans housing*
- Loan guaranty revolving fund
- Direct loan revolving fund

705. *Other veterans benefits and services*
- General operating expenses
- Canteen service revolving fund
- Supply fund
- Consolidated working fund
- General post fund
- Grants for construction and operation of State cemeteries

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BUDGET AUTHORITY

[In millions of dollars]

Appropriation/fund account	1981	1982	1983	Change	Committe's recommendation	Change
Federal funds:						
General operating expenses	643.251	640.132	693.359	+53.227	692.959	−0.4
Benefit programs:						
Compensation	8,529.783	9,603.900	9,374.900	−229.000	9,520.600	+145.7
Pensions	3,794.177	4,047.600	3,914.900	−132.700	3,925.700	+10.8
Burial benefits and miscellaneous assistance	207.684	146.700	141.000	−5.700	----------	----------
Readjustment benefits	2,349.673	1,944.900	1,665.800	−279.100	1,682.500	+16.7
Veterans insurance and indemnities	5.406	8.500	6.400	−2.100	----------	----------
Grants for the construction of State veterans cemeteries	5.000	----------	2.500	+2.500	----------	----------
Vocational rehabilitation revolving fund	1.250	----------	----------	----------	----------	----------
Total benefit programs	14,892.973	15,751.600	15,105.500	−646.100	15,278.700	+173.2
Medical programs:						
Medical care	6,339.396	6,966.418	7,495.879	+529.461	----------	----------
Medical and prosthetic research	140.070	128.215	137.793	+9.578	142.793	+5.0
Medical administration and miscellaneous operating expenses	52.809	55.392	55.807	+.415	57.807	+2.0
Grants for construction of State extended care facilities	15.000	15.840	18.000	+2.160	----------	----------
Grants to the Republic of the Philippines	1.200	----------	.500	+.500	----------	----------
Construction and operation of garage and parking facilities	----------	----------	----------	----------	----------	----------
Total medical programs	6,548.475	7,165.865	7,707.979	+542.144	7,714.979	+7.0
Construction programs:						
Construction, major projects	261.614	372.270	419.392	+47.122	----------	----------
Construction, minor projects	108.908	102.010	192.113	+90.103	----------	----------
Total construction programs	370.522	474.280	611.505	+137.225	----------	----------
Total appropriations, adjusted	22,455.221	24,031.877	24,118.343	+86.466	24,298.143	+179.8
Proposed legislation:						
Compensation	----------	----------	771.000	+771.000	760.400	−10.6
Medical care	----------	----------	4.692	+4.692	0	−4.7
General operating expenses	----------	.100	.100	----------	----------	----------
Burial benefits	----------	----------	----------	----------	.200	+.2
Total proposed legislation	----------	.100	775.792	+775.692	760.600	−15.1
Proprietary receipts from the public	−2.942	−3.223	[1]−97.863	−94.640	[1]−92.963	+4.9
Total Federal funds	22,452.279	24,028.754	24,796.272	−767.518	24,965.780	+170.0

See footnote at end of table.

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BUDGET AUTHORITY—Continued

[In millions of dollars]

Appropriation/fund account	1981	1982	1983	Change	Committee recommendation	Change
Federal funds—Continued						
Trust funds:						
Post-Vietnam era veterans education account	142.245	161.600	174.400	+12.800	.....	.....
General post fund	7.707	7.800	8.100	+.300	.....	.....
National service life insurance	1,104.104	1,161.900	1,256.500	+94.600	.....	.....
U.S. Government life insurance	34.152	31.600	29.775	−1.825	.....	.....
Total trust funds (gross)	1,228.208	1,362.900	1,468.775	+105.875	.....	.....
Proprietary receipts from the public	−600.967	−626.418	−630.051	−3.633	.....	.....
Total trust funds (net)	687.241	736.482	838.724	+102.242	.....	.....
Intragovernmental transactions	−6.640	−11.324	−14.378	−3.054	.....	.....
Total Veterans' Administration	23,132.880	24,753.912	25,620.618	+866.706	25,790.126	+170.0

[1] Legislation will be proposed to establish a ½ of 1 percent loan processing fee in 1983. It is expected that this will produce $94,600,000 in receipts. This income will be deposited in the General Fund of the Treasury as a VA proprietary receipt. The Committee proposal would produce $89,700,000 in receipts which would be deposited in the Loan Guaranty Revolving Fund.

NOTE.—Certain proposed legislation is included in this chart.

OUTLAYS

[In millions of dollars]

Appropriation/fund account	1981	1982	1983	Change	Committee recommendation	Change
Federal funds:						
General operating expenses	624.133	639.066	691.323	+52.257	690.923	−0.4
Benefit programs:						
Compensation	8,425.760	9,486.700	9,463.400	−23.300	9,609.100	+145.7
Pensions	3,755.107	3,939.800	4,014.400	+74.600	4,025.200	+10.8
Burial benefits and miscellaneous assistance	208.135	145.000	140.800	−4.200	.....	.....
Readjustment benefits	2,332.121	1,993.920	1,680.800	−313.120	1,697.500	+16.7
Veterans insurance and indemnities	8.714	8.500	6.400	−2.100	.....	.....
Grants for the construction of State veterans cemeteries	.674	3.000	5.000	+2.000	.....	.....
Loan guaranty revolving fund	277.820	13.258	−573.048	−586.306	.....	.....
Direct loan revolving fund	−128.274	−67.781	−182.983	−115.202	.....	.....
Service-disabled veterans insurance fund	−.485	−3.000	−2.000	+1.000	.....	.....
Veterans reopened insurance fund	−13.778	−20.800	−18.400	+2.400	.....	.....
Education loan fund	.987	−4.500	−5.890	−1.390	.....	.....
Vocational rehabilitation revolving fund	−.037	.180	.185	+.005	.....	.....
Servicemen's group life insurance fund	.118	.....	.....	.....	.....	.....
Total benefit programs	14,866.862	15,494.277	14,528.664	−965.613	14,701.864	+173.2

See footnote at end of table.

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OUTLAYS—Continued

[In millions of dollars]

Appropriation/fund account	1981	1982	1983	Change	Committee recommendation	Change
Federal funds—Continued						
Medical programs:						
Medical care	6,320.068	6,944.700	7,364.132	+419.432		
Medical and prosthetic research	135.288	128.215	137.644	+9.429	142.644	+5.0
Medical administration and miscellaneous operating expenses	49.461	55.392	55.775	+.383	57.775	+2.0
Grants for construction of State extended care facilities	9.002	9.123	9.527	+.404		
Grants to the Republic of the Philippines	1.202	.279	.500	+.221		
Assistance for health manpower training institutions	47.175	22.005	21.868	−.137		
Construction and operation of garage and parking facilities	−.134	.256		−.256		
Canteen service revolving fund	−1.632	−3.650	−1.793	+1.857		
Special therapeutic and rehabilitation activities fund	−.048	−.069	−0.77	−.008		
Total medical programs	6,560.402	7,156.251	7,587.576	+431.325	7,594.576	+7.0
Supply fund	−.841	−.800		+.800		
Construction programs:						
Construction, major projects	307.558	351.078	397.754	+46.676		
Construction, minor projects	95.773	83.228	116.549	+33.321		
Total construction programs	403.331	434.306	514.303	+79.997		
Total appropriations and funds	22,453.887	23,723.100	23,321.866	−401.234	23,501.666	+179.8
Proposed legislation:						
Compensation			706.800	+706.800	696.200	−10.6
Medical care			4.692	+4.692	0	−4.7
General operating expenses		.100	.100		.100	
Burial benefits					.200	+.2
Total proposed legislation		.100	711.592	+711.492	696.500	−15.1
Proprietary receipts from the public	−2.942	−3.223	[1]−97.863	−94.640	[1]−92.963	+4.9
Total Federal funds	22,450.945	23,719.977	23,935.595	+215.618	24,104.203	+170.0
Trust funds:						
Post-Vietnam era veterans education account	62.777	54.800	55.900	+1.100		
General post fund	6.887	7.100	7.400	+.300		
National service life insurance	965.147	979.000	990.800	+11.800		
U.S. Government life insurance	70.048	62.500	60.000	−2.500		
Veterans special life insurance	−44.194	−51.500	−49.000	+2.500		
Total trust funds (gross)	1,060.665	1,051.900	1,065.100	+13.200		
Proprietary receipts from the public	−600.967	−626.418	−630.051	−3.633		
Total trust funds (net)	459.698	425.482	435.049	+9.567		
Intragovernmental transactions	−6.640	−11.324	−14.378	−3.054		
Total Veterans' Administration	22,904.003	24,134.135	24,356.266	+222.131	24,525.874	+170.0

[1] Legislation will be proposed to establish a ½ of 1 percent loan processing fee in 1983. It is expected to produce $94,600,000 in receipts. This income will be deposited in the general fund of the Treasury as a VA proprietary receipt. The Committee proposal would produce $83,700,000 in receipts which would be deposited in the Loan Guaranty Revolving Fund.

Note.—Certain proposed legislation is included in this chart.

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Veterans' Administration Budget During 10-Year Period

The following tables depict the growth in both budget authority and outlays over the 10-year period:

BUDGET AUTHORITY, FISCAL YEARS 1974–83

[In millions of dollars]

Appropriation/fund account	Actual									Estimate
	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983
Federal funds:										
General operating expenses	349.809	432.028	483.300	525.633	581.850	631.675	611.609	643.251	640.132	693.350
Benefit programs:										
Compensation and pensions	6,743.800	7,539.400	8,249.200	8,982.500	9,636.400					
Compensation						6,900.452	7,337.300	8,529.783	9,603.900	9,374.900
Pensions						3,554.848	3,678.800	3,794.177	4,047.600	3,194.900
Burial benefits and miscellaneous assistance						178.545	185.700	207.864	146.700	141.000
Readjustment benefits	3,353.000	4,476.229	6,014.475	3,983.900	2,617.778	2,509.555	2,318.535	2,349.673	1,944.900	1,665.800
Veterans insurance and indemnities		8.750	6.600	7.000	3.712	5.750	5.400	5.406	8.500	6.400
Grants for construction of State veterans cemeteries							5.000	5.000		2.500
Payment of participation sales insufficiencies	.261									
Loan guaranty revolving fund	4.139	1.828								
Education loan fund		74.509			17.200					
Vocational rehabilitation revolving fund		.97	.100					1.250		
Total benefit programs	10,101.200	12,100.813	14,270.375	12,973.400	12,275.090	13,158.150	13,490.735	14,892.973	15,751.600	15,105.500
Medical programs:										
Medical care	2,859.076	3,317.520	3,854.456	4,373.807	4,924.649	5,374.374	5,832.039	6,339.396	6,966.418	7,495.879
Medical and prosthetic research	76.142	91.377	97.309	104.533	111.053	122.847	125.847	140.070	128.215	137.793
Medical administration and miscellaneous operating expenses	33.950	37.508	38.528	39.941	43.316	47.058	48.205	52.809	55.392	55.807

Grants for construction of State extended care facilities		9,700	10,000	10,000	15,000	10,000	7,500	15,000	15,840	18,000
Grants to the Republic of the Philippines	2,000	2,050	2,100	2,100	1,700	.500	1,350	1,200		.500
Assistance for health manpower training institutions	25,000	10,000	30,000	45,045	53,411	104,905				
Supply fund			29,001		20,000					
Total medical programs	2,996,168	3,468,155	4,061,394	4,575,426	5,169,129	5,659,684	6,014,941	6,548,475	7,165,865	7,707,979
Construction programs:										
Construction, major projects	68,343	251,127	297,464	405,681	393,689	365,560	321,292	261,614	372,270	419,392
Construction, minor projects	42,218	51,894	106,426	92,791	95,234	86,345	73,233	108,908	102,010	192,113
Total construction programs	110,561	303,021	403,890	498,472	488,923	451,905	394,525	370,522	474,290	611,505
Total appropriations (adjusted)	13,557,738	16,304,017	19,218,959	18,572,931	18,514,392	19,901,414	20,551,810	22,455,221	24,031,877	24,118,343
Contract authority (permanent, indefinite): Supply fund	10,576	20,000								
Deduct: Proprietary receipts from the public	−2,081	−2,145	−1,549	−,679	−3,138	−3,821	−2,073	−2,942	−3,223	[1] −97,863
Total Federal funds	13,566,233	16,321,872	19,217,410	18,572,252	18,511,854	19,897,593	20,549,360	22,452,279	24,028,754	24,796,272
Trust funds:										
Post-Vietnam era veterans education account				3,321	31,736	70,788	111,302	142,245	161,600	174,400
General post fund	3,854	4,001	4,808	55,497	6,305	6,460	7,414	7,707	7,800	8,100
National service life insurance	808,432	835,070	851,629	912,821	939,727	982,543	1,044,166	1,104,104	1,161,900	1,256,500
U.S. Government life insurance	38,444	37,678	37,687	37,402	36,153	38,310	37,968	34,152	31,600	29,775
Total trust funds (gross)	850,730	876,751	894,123	959,041	1,013,920	1,098,101	1,200,850	1,288,208	1,362,900	1,468,775
Deduct: Proprietary receipts from the public	−475,337	−471,778	−458,042	−486,982	−512,960	−526,328	−572,587	−600,967	−626,418	−630,051
Total trust funds (net)	375,393	404,973	436,081	472,059	500,960	571,773	628,263	687,241	736,482	838,724
Deduct: Intragovernmental transactions	−2,183	−2,101	−2,140	−2,148	−2,472	−2,369	−3,014	−6,640	−11,324	−14,378
Total Veterans' Administration	13,939,443	16,724,744	19,651,351	19,042,164	19,010,342	20,466,997	21,174,609	23,132,880	24,753,912	25,620,618

[1] Legislation will be proposed to establish a ½ of 1 percent loan processing fee in 1983. It is expected that this will produce $94,600,000 in receipts. This income will be deposited in the general fund of the Treasury as a VA proprietary receipt.

BUDGET OUTLAYS, FISCAL YEARS 1974–83

[Dollars in millions]

Appropriation/fund account	Actual									Estimate
	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983
Federal funds:										
General operating expenses	336.976	444.566	475.699	510.265	558.082	603.295	629.972	624.133	639.066	691.323
Benefit programs:										
Compensation and pensions	6,633.219	7,580.708	8,178.323	8,999.596	9,572.817	6,743.320	7,433.501	8,425.760	9,486.700	9,463.400
Compensation						3,521.725	3,585.368	3,755.107	3,939.800	4,014.400
Pensions						176.881	183.213	208.135	145.000	140.800
Burial benefits and miscellaneous assistance	3,248.899	4,591.079	5,526.562	3,700.004	3,361.716	2,810.812	2,416.976	2,332.121	1,993.920	1,680.800
Readjustment benefits	3.468	9.055	6.146	7.922	3.459	4.421	3.919	8.714	8.500	6.400
Veterans insurance and indemnities							.234	.674	3.000	5.000
Grants for the construction of State cemeteries	64.602	71.555	−21.704	.660	80.236	207.112	27.557	277.820	13.258	−573.048
Loan guaranty revolving fund	−99.388	−41.447	−43.027	−138.723	−38.990	−65.358	−67.154	−128.274	−67.781	−182.983
Direct loan revolving fund	5.150	1.161	.999	−1.509	2.119	.893	2.789	−.085	−3.000	−2.000
Service-disabled veterans insurance fund	.002									
Soldiers' and sailors' civil relief	−31.748	−32.387	−34.372	−27.227	−28.624	−27.900	−17.227	−13.778	−20.800	−18.400
Veterans reopened insurance fund		1.402	4.950	13.320	34.593	6.367	3.338	.987	−4.500	−5.890
Education loan fund	.037	.086		.064	−.001	.023	.008	−.037	.180	.185
Vocational rehabilitation revolving fund	−2.623	2.624			−.464	.464	−.146	.118		
Servicemen's group life insurance fund										
Total benefit programs	9,821.619	12,181.513	13,117.697	12,554.107	12,986.861	13,378.760	13,572.377	14,866.862	15,494.277	14,528.664
Medical programs:										
Medical care	2,789.001	3,405.059	3,694.959	4,290.617	4,809.318	5,159.544	5,981.288	6,320.088	6,944.700	7,364.132
Medical and prosthetic research	77.696	93.196	93.559	104.460	111.747	117.270	130.912	135.288	128.215	137.644
Medical administration and miscellaneous operating expenses	29.847	36.187	35.655	38.668	41.645	42.621	50.052	49.461	55.392	55.775
Grants for construction of State extended care facilities	3.653	3.441	9.313	7.828	6.900	14.303	14.223	9.002	9.123	9.527
Grants to the Republic of the Philippines	1.999	1.975	1.796	2.045	1.770	.187	1.330	1.202	.279	.500
Assistance for health manpower training institutions		5.937	22.680	31.109	39.533	40.672	42.406	47.175	22.005	21.868
Construction and operation of garage and parking facilities							−.122	−.134	.256	
Canteen service revolving fund	−3.441	−.304	−.048	1.114	−2.788	−3.250	−.887	−1.632	−3.650	−1.793
Rental, maintenance and repair of quarters	−.008									
Special therapeutic and rehabilitation activities fund				−.076	−.161	−.164	−.191	−.048	−.069	−.077
Supply fund	−7.585	−17.929	74.521	7.820	.043	−7.596	−4.249	.841	−.800	

Consolidated working fund	−.134	−.573	−.738	.297	−.250	.003	1.369			
Total medical programs	2,891.028	3,526.989	3,931.697	4,483.882	5,007.758	5,363.590	6,216.131	6,559.561	7,155.451	7,587.516
Construction programs:										
Construction of hospital and domiciliary facilities	34.927	12.728	5.832							
Construction, major projects	41.170	67.913	138.705	168.402	161.930	150.232	189.506	307.558	351.078	397.754
Construction, minor projects	27.621	38.251	43.101	65.438	81.332	86.265	105.168	95.773	83.228	116.549
Total construction programs	103.718	118.893	187.638	233.841	243.262	236.497	294.675	403.331	434.306	514.303
Total appropriations and funds	13,153.342	16,271.961	18,212.731	17,782.094	18,795.962	19,582.143	22,713.155	22,453.887	23,723.100	23,321.866
Proposed legislation:										
Compensation										706.800
Medical care										4.692
General operating expenses									.100	.100
Total proposed legislation									.100	711.592
Deduct: Proprietary receipts from the public	−2.081	−2.145	−1.549	−.679	−3.138	−3.821	−2.450	−2.942	−3.223	[1] −97.863
Total Federal funds	13,151.261	16,269.816	18,211.182	17,781.415	18,792.824	19,578.322	20,710.705	22,450.945	23,719.977	23,935.595
Trust funds:										
Post-Vietnam era veterans education account					.010	13.815	32.653	62.777	54.800	55.900
General post fund	3.611	3.873	4.519	4.375	5.032	5.547	6.186	6.887	7.100	7.400
National service life insurance	622.883	730.760	633.013	697.602	667.762	785.393	928.228	965.147	979.000	990.800
U.S. Government life insurance	77.727	85.695	71.297	71.105	66.973	70.841	76.683	70.048	62.500	60.000
Veterans special life insurance	−41.090	−41.257	−44.994	−46.016	−55.015	−38.049	−44.317	−44.194	−51.500	−49.000
Total trust funds (gross)	663.132	779.071	663.835	727.067	684.761	837.547	999.433	1,060.665	1,051.900	1,065.100
Deduct: Proprietary receipts from the public	−475.337	−471.778	−458.042	−486.982	−512.960	−526.328	−572.587	−600.967	−626.418	−630.015
Total trust funds (net)	187.795	307.293	205.793	240.085	171.800	311.219	426.846	459.698	425.482	435.049
Deduct: Intragovernmental transactions	−2.183	−2.101	−2.140	−2.148	−2.472	−2.369	−3.014	−6.640	−11.324	−14.378
Total Veterans' Administration	13,336.873	16,575.008	18,414.835	18,019.353	18,962.152	19,887.172	21,134.537	22,904.003	24,134.135	24,356.260

[1] Legislation will be proposed to establish a ½ of 1 percent loan processing fee in 1983. It is expected to produce $94,600,000 in receipts. This income will be deposited in the general fund of the Treasury as a VA proprietary receipt.

ADMINISTRATION'S PROPOSED LEGISLATION FOR FISCAL YEAR 1983

The following items are included in the President's legislative program for the Second Session of the 97th Congress and have been included in his fiscal year 1983 Budget.

[In millions of dollars]

	Fiscal year 1982		Fiscal year 1983	
	Budget authority	Budget outlays	Budget authority	Budget outlays
Proposed legislation included in appropriation request:				
Compensation:				
Delay payment to first full month of entitlement			−9.000	−9.000
End-of-year to end-of-month			−1.400	−1.400
Eliminate dependency allowance for veterans rated less than 50 percent disabled			−135.300	−135.300
Total, Compensation			−145.700	−145.700
Pensions:				
Issue benefit checks in even dollars			−10.800	−10.800
Delay payment of benefit			−19.800	−19.800
Amend end-of-year rule			−1.800	−1.500
Amend definition of dependent child			−30.300	−30.300
Total, Pensions			−62.700	−62.400
Readjustment Benefits:				
Eliminate correspondence training			−5.600	−5.600
Eliminate subsistence allowance for vocational rehabilitation dependents			−19.700	−19.700
Total, Readjustment Benefits			−25.300	−25.300
General Operating Expenses:				
Eliminate the inspection of vocational rehabilitation institutions that insure 50 percent or more of veterans are employed in field of training			−.223	−.223
Total proposed legislation in appropriation request			−233.923	−33.623
Proposed legislation not included in appropriation request:				
Compensation:				
Delay payment to first full month of entitlement	−1.000	−1.000		
End-of-year to end-of-month				
Eliminate dependency allowance for veterans rates less than 50 percent disabled				
Cost-of-living increase of 8.1 percent (10-1-82)			771.000	706.800
Total, Compensation	−1.000	−1.000	771.000	706.800
Pensions:				
Issue benefit checks in even dollars	−1.400	−1.400		
Delay payment of benefit	−2.400	−2.400		
Amend end-of-year rule				
Amend definition of dependent child				
Total, Pensions	−3.800	−3.800		

ADMINISTRATION'S PROPOSED LEGISLATION FOR FISCAL YEAR 1983—Continued

[In millions of dollars]

	Fiscal year 1982		Fiscal year 1983	
	Budget authority	Budget outlays	Budget authority	Budget outlays
Proposed legislation not included in appropriation request—Continued				
Readjustment Benefits:				
Eliminate correspondence training				
Eliminate subsistence allowance for vocational rehabilitation dependents				
Total, Readjustment Benefits				
General Operating Expenses:				
Accept contributions for construction projects on land adjacent to and facilitating safe ingress and egress to national cemeteries	.100	.100	.100	.100
Medical care:				
Elimination of construction and operation of garage and parking facilities revolving fund and direct appropriation to the Medical Care account			4.692	4.692
Total, Proposed Legislation not included in appropriation request	−.700	−4.700	775.792	711.592
Proposed legislation (receipts):				
Proprietary receipts from the public:				
Legislation will be proposed to establish a ½ of 1 percent loan processing fee in 1983. It is expected that this will produce $94.6 million in receipts. This income will be deposited in the general fund of the Treasury as a VA proprietary receipt			−94.640	−94.640
Total, proposed legislation	−4.700	−4.700	447.229	383.329

COMMITTEE ON VETERANS' AFFAIRS PROPOSED LEGISLATION, FISCAL YEAR 1983

	Estimated budget authority costs
Compensation, pension, and insurance:	
Authorize compensation entitlement to certain ROTC members.	Insignificant (less than $1 million).
Authorize DIC in limited number of cases where eligibility under Section 410(b) is denied solely due to VA error in assigning date of total disability.	Insignificant.
Authorize active duty SGLI optional increased coverage.	Insignificant.
Readjustment benefits:	
Authorize new GI Bill (H.R. 1400)	Insignificant in fiscal years 1983 and 1984. Fiscal year 1985 estimate—$171.9 million.
Amend chapters 41, 42, and 43, of title 38, U.S.C., to enhance employment/reemployment rights of certain veterans.	Insignificant.
Authorize reemployment rights for National Guard or Reserves completing active duty training (H.R. 5209).	None.
Burial benefits: Provide burial and funeral expenses to certain deceased veterans whose remains are unclaimed.	Insignificant.
Medical care:	
Authorize extension of Exchange Medical Information program.	Funding as necessary by Appropriations Committee.
Extend authority for contract medical care in Puerto Rico and the Virgin Islands.	None (included in medical care).
Extend authority for VA grants for construction of State nursing homes.	Funding as necessary by Appropriations Committee.
Extend authority for VA grants to medical schools.	Funding as necessary by Appropriations Committee.
Authorize flexible hours or compressed workweek for VA nurses.	None.

In accordance with the instructions of the Chairman of the Committee on the Budget, the Honorable James R. Jones, in his letter of February 17, 1982, this section of the Committee's Report to the Committee on the Budget conforms with the recommendations for simplifying formats by reducing required detail and basing Committee estimates on the current Congressional Budget Office policy baseline which reflects the Congressional Budget Office's latest economic assumptions.

I. VIEWS AND ESTIMATES ON PROGRAMS UNDER COMMITTEE'S JURISDICTION

[In millions of dollars]

		Fiscal year—		
		1983	1984	1985
COMMITTEE: VETERANS' AFFAIRS				
A. CBO Baseline	BA	25,841	26,575	27,591
	O	25,312	26,126	27,210
B. Programs under the Committee's Spending Jurisdiction	BA	(1,386)	(1,402)	(1,427)
	O	(992)	(1,050)	(1,162)
a. Presidential Initiatives: None	BA	----------	----------	----------
	O	----------	----------	----------
b. Committee's Initiatives: None	BA	----------	----------	----------
	O	----------	----------	----------
C. Programs authorized by Committee but funded in annual appropriations.	BA	(24,455)	(25,173)	(26,164)
	O	(24,320)	(25,076)	(26,948)
a. Presidential Initiatives: (Proposed legislation included in appropriation requests).				
Compensation:				
1. Delay payment of first full month of entitlement	BA	0	0	0
	O	0	0	0
Current law provides that the effective date of eligibility for compensation is the date following discharge or the date of the claim if submitted more than 1 year following separation. Proposed legislation would pay no monetary benefits for any portion of the month of initial entitlement and would delay payment until first day of following month. The Administration expects to save $9 million in fiscal year 1983 by this measure.				
The Committee considers this proposal would impact adversely on service-connected disabled veterans. A totally disabled or paralyzed veteran could be separated from service on the first day of the month and, because VA benefits are payable from the day following separation, not be eligible for VA benefits for more than 4 weeks.				
The Committee rejects the proposal.				
2. Reduce compensation at end of month of dependency loss, versus end of year.	BA	0	0	0
	O	0	0	0
Current law provides that if a veteran loses a dependent, his allowance for that dependent is paid through the end of the calendar year in which the loss occurs.				
This proposal would diminish the benefits for the service-connected disabled veteran. A consequence of adopting the proposal would be the creation of small overpayments caused by delays in notification and adjustment, which would create unfavorable reactions as well as administrative expenses. Cost savings of $1.4 million are projected by the Administration.				
The Committee rejects the proposal.				

I. VIEWS AND ESTIMATES ON PROGRAMS UNDER COMMITTEE'S JURISDICTION—Con.

[In millions of dollars]

		Fiscal year—		
		1983	1984	1985
C. Programs authorized by Committee, etc.—Continued				
3. Eliminate dependency allowance for veterans rated less than 50 percent disabled.	BA	0	0	0
	O	0	0	0
Present law provides payment of additional compensation for dependents of veterans rated 30–100 percent disabled. This proposal would raise the threshold for payment of dependency allowance from 30 to 50 percent, as the Administration considers veterans rated 30–40 percent disabled as having "minor disabilities". Veterans with an amputation below the knee are rated 40 percent disabled. Veterans rated 30–40 percent disabled include those who suffered the anatomical loss of an eye or an injury to the skull. Typically, such disabilities are sustained in combat. The Administration projects a cost saving of $135.3 million in fiscal year 1983.				
The Committee adamantly opposes this proposal.				
4. Limit compensation benefits payable for unemployability to veterans in receipt of other Federal benefits.	BA	0	0	0
	O	0	0	0
Effective October 1, 1983, the Administration proposes to limit compensation payments to veterans rated totally disabled because of unemployability, if such veterans receive other Federal disability or retirement benefits at a cost saving in fiscal year 1984 of $282.5 million. Such veterans would be eligible for either their regular schedular entitlement or total disability compensation payments, offset by benefits from Social Security, Civil Service retirement, Black Lung benefits, etc. The fiscal year 1984 date was chosen due to time required to implement the proposal. Compensation for service-connected disabilities has never been subject to a means test. This proproposal is far-reaching and a complete departure from the concept that compensation replaces lost earning capacity caused by a service-connected disability. It is discriminatory in that it penalizes the individual adjudicated as being unable to work and who is not in the job market. However, it does not affect other service-connected disabled veterans such as multiple amputees who may receive income from Social Security, Federal retirement, employment, or other sources.				
The Committee rejects the effects of this proposal on the fiscal year 1984 and subsequent budgets.				
Total—Compensation	BA	0	0	0
	O	0	0	0
Pensions:				
1. Issue benefit checks in even dollars	BA	0	0	0
	O	0	0	0
The President proposes issuing benefit checks in even dollars as a cost saving measure projected to save $10.8 million.				
Non-service-connected pension is a needs-based program whereby all available income is considered in determining the rate of pension. Pension is computed at an annual rate by deducting an individual's family income from the support level provided by law. The annual rate is always in even dollars but paid generally in twelve equal payments. Therefore, the monthly rate usually is in uneven amounts. Under present law a widow with absolutely no income is eligible for an annual VA pension of $3,224 or $277 monthly. This represents the sole support of such an individual.				
Should this proposal be enacted, a widow truthfully reporting as little as $1 in additional income would have her annual pension rate recomputed at $3,223 or $276.91, down from $277. The $0.91 would be discarded in the name of "savings" and her new monthly rate would be $276.				
One of the strongest arguments in favor of Public Law 95–588 was the assurance to all Members of Congress that never again would an increase in income cause a disproportionate reduction in pension. If this proposal was enacted, we could no longer make this statement. We are unable to correlate the administration's claim of a "safety net", and a proposal to take pennies away from this needy or destitute group of individuals.				
The Committee adamantly opposes this measure.				

I. VIEWS AND ESTIMATES ON PROGRAMS UNDER COMMITTEE'S JURISDICTION—Con.

[In millions of dollars]

		Fiscal year—		
		1983	1984	1985
C. Programs authorized by Committee, etc.—Continued				
2. Delay payment to first full month of entitlement	BA	−19.8	−20.9	−22.1
	O	−19.8	−20.9	−22.1
Currently, pension benefits are payable from the date of claim. This proposal would delay payment to first full month of entitlement. The Committee believes this would pose a financial hardship on the veteran as pension is strictly a needs-based program, and only the truly needy and destitute are eligible. In view of the Congress' efforts to reduce the Federal deficit, the Committee reluctantly agrees to this proposal.				
3. Amend end of year rule	BA	−1.8	−2.1	−2.5
	O	−1.5	−1.8	−2.1
Present law provides that when a pensioner loses a dependent, benefits are continued for the lost dependent for the balance of the calendar year in which the loss occurs. Since pension is a needs-based program, the Committee has no objection to adjusting benefits at the end of the month following a change in dependency status.				
4. Amend definition of dependent child	BA	−30.3	−26.5	−23.1
	O	−30.3	−26.5	−23.1
This proposal is similar to limitations on benefits for adult students placed in the Social Security program as part of the Omnibus Reconciliation Act of 1981, Public Law 97-35. Although the Committee is sympathetic to the educational needs of young adults, we agree to the proposal since it does not violate the concept of the non-service-connected pension program providing essential maintenance. The Committee notes that the legislation submitted by the Administration shows a first-year cost savings of $13.4 million, which is substantially lower than the CBO Baseline projection.				
Total—Pensions	BA	−51.9	−49.5	−47.7
	O	−51.6	−49.2	−47.3
Readjustment Benefits:				
1. Eliminate correspondence training	BA	−5.6	−4.9	−4.2
	O	−5.6	−4.9	−4.2
Correspondence training is specifically designed to help veterans obtain the necessary skills to enable them to find employment or improve occupational skills. For 5 consecutive years, the VA has recommended termination of this program on the basis it was not meeting the objective of providing substantial employment for veterans, and that it was primarily used for recreational and avocational purposes. The VA believes the program is ineffective, has potential for continued abuses, and should be terminated. The Committee does not necessarily agree with the VA conclusions. However, it is accepting the proposal in an effort to achieve cost savings for fiscal year 1983.				
2. Eliminate subsistence allowance for dependents of veterans undergoing vocational rehabilitation.	BA	0	0	0
	O	0	0	0
Current law provides that the dependents of a service-connected disabled veteran enrolled in the Vocational Rehabilitation program receive a subsistence allowance. To eliminate the subsistence allowance for dependents of veterans trying to overcome vocational handicaps caused by crippling combat injuries would be unjust and in direct opposition to the policy of the Congress to provide the highest consideration for the service-connected disabled veteran and his dependents. The Administration projects a $19.7 million cost saving for this proposal. The Committee rejects this proposal.				
Total—Readjustment Benefits	BA	−5.6	−4.9	−4.2
	O	−5.6	−4.9	−4.2

I. VIEWS AND ESTIMATES ON PROGRAMS UNDER COMMITTEE'S JURISDICTION—Con.

[In millions of dollars]

		Fiscal year—		
		1983	1984	1985
C. Programs authorized by Committee, etc.—Continued				
General Operating Expenses:				
1. Eliminate the inspection of vocational rehabilitation institutions to ascertain that at least 50 percent of the trainees are employed in the field for which they are trained.	BA	−.2	−.2	−.2
	O	−.2	−.2	−.2
Present law requires schools to show that vocational objective courses offered to veterans shall have a 50 percent placement record in the vocational objective for which the veteran was trained for the preceding 2-year period. If schools cannot so demonstrate, then the schools are disapproved for the training of veterans.				
Schools have objected to the financial burden in complying with the 50 percent rule. At the time the 50 percent rule was enacted, over 600,000 veterans were enrolled in vocational training. Now there are only 65,000 in the program and the VA believes the basic purpose of safeguarding the program has been served.				
The Committee accepts this proposal.				
Presidential Initiatives: (Proposed legislation not included in appropriation request).				
Compensation:				
1. 8.1 percent cost-of-living increase	BA	771.0	1,438.0	1,969.4
	O	706.8	1,382.9	1,925.1
The Administration recommends an 8.1 percent increase in compensation and dependency and indemnity compensation for survivors of service-connected disabled veterans to keep pace with inflation. The 8.1 percent increase is the same amount projected for Social Security and the non-service-connected improved pension program.				
The Committee accepts this recommendation.				
General Operating Expenses:				
1. Authorize contributions for construction projects on land adjacent to and facilitating safe ingress and egress to national cemeteries.	BA	.1	.1	.1
	O	.1	.1	.1
This proposal would allow the VA to contribute funds to local governments to improve roadways and facilities adjacent to national cemeteries.				
The Committee agrees with this proposal.				
Medical Care:				
1. Elimination of construction and operation of Garage and Parking Facilities Revolving Fund, and direct appropriation to the Medical Care account.	BA	0	0	0
	O	0	0	0
The proposal would amend Public Law 96–22, which requires the VA to collect parking fees from employees to fund the operation and construction of garage and parking facilities. In view of the Nation's difficult economic situation, the Committee can find no justification for the expenditure of an additional $4.7 million:				
The Committee rejects this proposal.				
Proposed Legislation—Receipts:				
1. Proprietary receipts	BA	−89.7	−99.8	−104
	O	−89.7	−99.8	−104
The Administration proposes to establish a ½ of 1 percent loan processing fee for all loans guaranteed, insured or made by the VA.				
The collection of a funding fee of ½ of 1 percent would be authorized for all home loans guaranteed, insured, or made by the VA for two primary effects: (1) offset the cost of paying claims on approximately 3.7 percent of loans resulting in foreclosure; (2) deposit the one-time fee in the Treasury as miscellaneous receipts which will be credited as offsets to VA.				
The Committee will not oppose the proposed legislation. However, the Committee feels two amendments are necessary: (1) deposit the fees into the VA Loan Guaranty Revolving Fund to insure its solvency since quarantees are paid from it in the event of foreclosures; and (2) exempt service-connected disabled veterans from payment as the Committee believes these veterans must receive priority and preferential treatment in view of disabilities incurred in service to their Nation. In addition, the Committee will consider adding the fee to the loan principal to alleviate the one-time cost to the veteran.				

I. VIEWS AND ESTIMATES ON PROGRAMS UNDER COMMITTEE'S JURISDICTION—Con.

[In millions of dollars]

		Fiscal year—		
		1983	1984	1985
C. Programs authorized by Committee, etc.—Continued				
Non-Legislative Proposals:				
Medical Care:				
1. Studies on contracting out under OMB Circular A-76; and a study on charging user fees to non-service-connected disabled veterans for inpatient/outpatient care.	BA	0	0	0
	O	0	0	0
The Administration proposes to conduct cost comparison studies for contracting out certain indirect hospital services now provided by VA employees at a cost of $2 million. Recent testimony by the VA before the Committee indicated such studies would cost $29.1 million. The Committee does not approve partial funding of such studies without positive identification of how the additional $27.1 million would be obtained. The additional funds could not be taken from the Medical Care accounts in accordance with the provisions of Public Law 97-66.				
At a cost of $500,000 the VA proposed study to determine the feasibility of collecting user fees for medical services to non-service-connected disabled veterans not in receipt of pension is contrary to the Committee's belief that eligible veterans should not be charged for medical services.				
The Committee rejects both proposals, and urges the Committee on Appropriations to use these funds for the Nurse Scholarship Program.				
General Operating Expenses:				
1. Study the aging veteran population	BA	0	0	0
	O	0	0	0
An comprehensive study on the aging veteran population was conducted as mandated by Public Law 94-581. In establishing priorities for expenditures, the Committee feels funds for such a study would be better utilized to implement the Nurse Scholarship Program to help alleviate the VA nurse shortage which has caused the closing of over 800 hospital beds in 1981.				
The Committee rejects this proposal and urges the Committee on Appropriations to use the funds for the Nurse Scholarship Program.				
b. Committee Initiatives: (Requiring legislation).				
Readjustment Benefits:				
1. New GI Education Bill	BA	0	0	171.9
	O	0	0	171.9
H.R. 1400 was reported by the Committee on May 19, 1981. It was also referred to the Committee on Armed Services, and is pending action by that committee.				
Burial Benefits:				
1. Provide burial and funeral expenses to certain deceased veterans whose remains are unclaimed.	BA	.2	.2	.2
	O	.2	.2	.2
Public Law 97-35, the Omnibus Reconciliation Act of 1981, provides that the $300 burial and funeral expense allowance will be paid only in the cases of deceased veterans in receipt of VA compensation or pension at time of death, or who died in a VA facility.				
Since enactment of Public Law 97-35, the Committee has learned that bodies of some deceased veterans remain unclaimed. Since it was not the intent of Congress that these destitute veterans be deprived of a proper burial, the Committee desires to authorize burial expenses for this small segment of the veteran population.				
Committee Initiatives: (No legislation required).				

I. VIEWS AND ESTIMATES ON PROGRAMS UNDER COMMITTEE'S JURISDICTION—Con.

[In millions of dollars]

		Fiscal year—		
		1983	1984	1985
C. Programs authorized by Committee, etc.—Continued				
Medical Care:				
1. Fund Nurse Scholarship Program and 13 FTEE....	BA	4.5	0	0
	O	4.5	0	0
The Committee is concerned that no funding was requested for the VA Health Professional Scholarship Program for fiscal year 1983, and that the proposed budget included a reduction of 13 FTEE already authorized to administer the Program. VA hospitals have been forced to close over 800 beds during 1981 due to a shortage of nurses. The Committee believes funding for the Scholarship Program is essential in order to create a cadre of registered nurses with a service obligation to the VA, and to maintain the number of VA hospital beds needed to meet the health care needs of veterans.				
2. Add 199 FTEE to Medical and Prosthetic Research Program.	BA	5.0	0	0
	O	5.0	0	0
The President's fiscal year 1983 budget would add $9.6 million over the fiscal year 1982 budget funding for Medical and Prosthetic Research. The Committee believes that the proposed reduction of 199 FTEE in Medical and Prosthetic Research is not realistic in view of the additional funds requested for this Program, and recommends an increase of $5 million with a partial offset of $3 million from the Specially Adapted Housing fund which the Committee believes has excess funding.				
Total—Programs Authorized by Committee, but funded in annual appropriations.	BA	633.4	1,283.9	1,985.5
	O	569.5	1,229.1	1,941.6

II. VIEWS AND ESTIMATES ON OUTYEAR INITIATIVES

[In millions of dollars]

		Fiscal year—	
		1984	1985
COMMITTEE: VETERANS' AFFAIRS			
A. CBO Baseline	BA	26,575.350	27,591.097
	O	26,125.648	27,210.087
B. Major Presidential Outyear Initiatives:			
1. Limit compensation benefits payable for unemployability to veterans in receipt of other Federal benefits.	BA	−282.5	−296
	O	−282.5	−296
The Committee opposes this measure. See comments in I., C., a., 4.			
C. Major Committee Outyear Initiatives:			
1. Authorize new educational benefits for certain veterans	BA	0	171.9
	O	0	171.9
The Committee has reported H.R. 1400, to establish new educational assistance programs for veterans and members of the Armed Forces. In addition to restoring lost educational opportunities to individuals whose careers were interrupted by reason of active military service, the bill is also designed to enhance and make more attractive service in the Armed Forces. The Committee has been informed that the Administration is planning to submit similar legislation to the Congress. The cost of H.R. 1400 to the Department of Defense are: $32.7 in BA and $51.7 in O for fiscal year 1984 and $250.5 million in BA and $261.5 million in O.			

III. VIEWS AND ESTIMATES ON REVENUES

[In millions of dollars]

		Fiscal year—		
		1983	1984	1985
A. CBO Baseline	BA	0	0	0
	O	0	0	0
B. Presidential Proposals:				
None	BA	0	0	0
	O	0	0	0
C. Committee Initiatives:				
None	BA	0	0	0
	O	0	0	0
D. Totals, Committee Views and Estimates on Revenues	BA	0	0	0
	O	0	0	0

IV. CREDIT BUDGET

[In millions of dollars]

	Fiscal year—		
	1981	1982	1983
COMMITTEE VETERANS' AFFAIRS			
A. CBO Baseline:			
Direct Loan Obligations:			
Veterans insurance and indemnities	.206	.080	.109
Burial benefits and miscellaneous assistance	.008	0	0
Veterans reopened insurance fund	12.107	5.280	2.180
Service-disabled veterans insurance fund	7,724	3.339	4.639
Direct loan revolving fund	1.657	1.895	1.902
Loan guaranty revolving fund	736.799	755.335	779.205
Vocational rehabilitation revolving fund	.933	1.525	1.900
Education loan fund	5.796	.800	.280
National service life insurance fund	197.903	96.131	123.931
United States Government life insurance fund	5.036	4.571	4.521
Veterans special life insurance fund	18.377	8.575	11.275
On Budget	986.546	877.531	935.642
Total, Direct Loan Obligations	986.546	877.531	935.642
New Loan Guarantee Commitments:			
Direct loan revolving fund	0	0	114.556
Total, New Loan Guarantee Commitments	11,718.525	19,541.551	22,450.666
On Budget	986.546	877.531	935.642
Net Direct Loan Obligations	986.546	877.531	935.642
Loan Guarantee Commitments:			
New Loan Guarantees	11,718.525	19,541.551	22,450.666
Primary Guarantees	11,718.525	19,541.551	22,450.666

B. Committee Comments:

The Veterans' Administration loan guaranty program provides a Federal guaranty to private lending institutions which loan funds to eligible veterans to purchase a home or condominium. There is no prescribed maximum amount of a guaranteed loan; however, the VA guaranty is limited to 60% of the loan up to a maximum of $27,500 for the purchase of a home or condominium to be occupied by the veteran.

The President's new score keeping; i.e., reflecting the full face value or principal of these loans in the credit budget totally distorts the Federal liability in this instance. While this approach may provide certain insight to economists, it does not assist budget analysts who must work and consider actual fiscal obligations. The Committee prefers the accounting display of the Credit Budget to be reflected in the manner used in previous fiscal years.

MINORITY VIEW OF THE HONORABLE DENNY SMITH OF OREGON

The Committee on Veterans' Affairs is charged with the weighty responsibility of ensuring that our nation's veterans, their dependents, and survivors are adequately compensated for service to their country. This is especially true for those veterans who suffered hardship, injury and death, as a result of time spent in the armed services.

As a member of the committee which must take a strong leadership role in paying the nation's debt to its veterans, I must reluctantly oppose the fiscal year 1983 budget proposal developed by this Committee. Neither could I support the Reagan administration's budget proposal. Both reflect an increase in spending at a time when we are faced with skyrocketing Federal deficits.

The budget proposal for fiscal year 1982 authorized spending on veterans' programs at the level of $25.6 billion. This year, we are adding $866 million to the authority level of these programs. I truly believe we could have met our obligations to veterans and still hold the line on spending to last year's level.

We could have accomplished this goal by continuing last year's authority level, without reordering our program priorities. I suspect there will be many unhappy veterans when they realize there are basic benefit changes contained in the Committee's budget proposal. There will also be many unhappy taxpayers when they realize that the budget has been increased while the benefits for many veterans have decreased. We could have avoided this problem had we put a freeze on spending at last year's level, and postponed a change in program direction until our economic house was in order.

This Committee's report to the Budget Committee reflects, clearly, what every other committee will attempt to do. The Congress will continue to squabble over which programs to increase or decrease, while we spend more dollars in the long run. Our nation is on the brink of economic disaster, and this committee contributes to the problem when it continues to request ever-increasing budget authority.

Can we meet the needs of our veterans with the same amount of money this year as last? Of course, and we don't need to change course in mid-stream to do it.

DENNY SMITH.

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